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UNCLAS SECTION 01 OF 06 ABUJA 001482

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SUBJECT: NIGERIA: BI-WEEKLY POL/ECON UPDATES FOR JULY 1-16, 2008

REF: A) ABUJA 1346, B) ABUJA 1313, C) ABUJA 0652, D) ABUJA 0217

11. (U) The Following is a joint Embassy Abuja, ConGen Lagos compilation of July 1-16 political/economic highlights, which did not feature in our other reporting, covering:

--Elections
--National Assembly
--Corruption
--State and Local Governments
--Economic and Business
--Oil and Gas
--Niger Delta
--Human Rights and Trafficking
--Labor

Election Tribunals, Electoral Reform

12. (U) SAKI ELECTION UPHELD: On July 16, the Election Petitions Tribunal sitting in Ilorin, Kwara State upheld the election of Governor Abubakar Bukola Saraki and declared him winner of the April 14, 2007 governorship election by striking out the consolidated petitions filed by the Democratic Peoples Party, the Accord Party, and their candidates in the election. The tribunal insisted that the petitioners were unable to establish the polling units or wards where electoral malpractices took place and that they made general allegations, which could not be substantiated. It also noted that the petitioners failed to meet the demand of sections 144 and 145 of the 2006 Electoral Act in proving their allegations of widespread fraudulent thumb printing and other alleged irregularities.

13. (U) TARABA SENATORIAL ELECTION UPHELD: On July 1, the Court of Appeals in Jos upheld the election of Dr. Anthony "George" Manzo (Peoples' Democratic Party - PDP) as Senator representing Taraba North Senatorial District in Taraba State. One of Manzo's competitors in the 2007 election, Alhassan Algadas (Action Congress) had challenged Manzo's victory on the grounds of electoral fraud and irregularities. Due to a lack of evidence, Algadas' petition was originally dismissed. After an appeal from Algadas, the Court of Appeal in Jos decided that the appeal also lacked merit, and dismissed the petition again.

National Assembly

14. (U) SENATE PRESIDENT DAVID MARK VICTORIOUS: On July 15, the Court of Appeals in Jos declared Senate President David Mark (PDP) winner of the Benue South Senatorial District election (see ref A). The

Court said the decision of the electoral tribunal for Benue state, which had ordered a rerun in two local governments of the senatorial district, was reached in error.

¶15. (U) FREEDOM OF INFORMATION BILL UPDATE: On July 10, Radio Nigeria reported that the Senate concluded its debate on the Freedom of Information bill. Senate spokesman Senator Ayogu Eze said the bill will be officially passed by the Senate at the end of September 2008 after the Senate has returned from its two months recess on September 9.

¶16. (U) EL-RUFAI INVESTIGATION REPORT: The Senate Committee on the Federal Capital Territory (FCT) released its interim report July 10 on its investigation into activities of the former Minister of the Federal Capital Territory, Nasar el-Rufai, which concluded that he had grossly abused his office and was unfit to hold public office in the future. The report also recommended that el-Rufai and his aides be held accountable for 32 billion naira (\$272 million) in funds from the controversial sales of Federal land in the FCT which is, as of yet, unaccounted for. He was also accused of using his position to buy the guest house of former Vice President Atiku Abubakar during the sale of federal houses.

¶17. (U) SENATE APPROVES NDDC BUDGET: On its final day in session, the Senate approved a budget of 89.2 billion naira (\$758 million) for the Niger Delta Development Commission (NDDC), 10 billion naira (\$85 million) more than proposed by President Yar'Adua, and higher than the 61.8 billion naira (\$525 million) appropriated to the NDDC in 2007 under President Obasanjo. 80 billion naira (\$683 million) is slated for development projects, 4.4 billion naira (\$37.5 million) for recurring expenses, 3.3 billion naira (\$28 million) for

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personnel, and 1.1 billion naira (\$9.5 million) in capital expenditures. Senator James Manager (PDP-Delta South) attributed the higher allocation to greater oil revenues than originally forecast.

¶18. (SBU) SECURITY LEGISLATION IN THE WORKS: On July 8, Senator Anthony Manzo (PDP-Taraba North), former GON Ambassador to Israel, introduced SB 128, a "Bill ... for the Enhancement of Nigerian National Security and for Other Matters Connected Therewith," in the Senate. Of note is that of 11 co-sponsors of the counterterrorism legislation, 4 are from the north, 4 from the South-South (including Senator Lee Maeba from Rivers in the heart of the Niger Delta) and 3 from the South-West. Senator Manzo indicated to PolOff on July 9 that the June 19 attack on the Bonga oil platform had highlighted the need to address counter terrorism (CT) issues, including the UN Conventions on Terrorism, some of which have not yet been ratified by Nigeria.

¶19. (U) CONTROVERSY IN THE HOUSE: On July 1, 2008, House Speaker Dimeji Bankole refused to swear into office Charles Udogwu Onyekweli, who was scheduled to replace Mercy Almona-Isei as Representative of the Ndokwa/Ukwuani Federal Constituency of Delta State. Bankole told Members of the House that he received an injunction from the Federal High Court preventing him from swearing in Onyekweli. However, Bankole's lawyer, Dr. Valerie Azinge, reportedly accused Bankole of lying about the order from the Federal High Court, claiming it did not exist, and misleading his House colleagues. A Nigerian court ruled that Onyekweli was the legal winner of the PDP primary ticket, and that Almona-Isei's name was unjustly substituted on the ballot and therefore not the legitimate winner. (Note: Bankole and Almona-Isei, both PDP members, worked together in the Integrity Group to unseat Bankole's predecessor as House Speaker Patricia Etteh. End note)

¶10. (U) SENATE CONSIDERING CORPORATE SOCIAL RESPONSIBILITY COMMISSION: The Senate is undergoing debates regarding a bill set forth by Senator Uche Chukwumerije (Abia North) to establish a Corporate Social Responsibility Commission. The purpose of the Commission would be to provide relief for communities that suffer negative consequences due to the activities of industrial and commercial companies that operate in their areas. According to media reports, the bill will mandate companies to create policies that positively affect the host communities, and penalize

non-compliance by fining companies a certain percentage of their gross annual profits.

Corruption

¶11. (U) EFCC CONTINUES INVESTIGATIONS: Two former ministers of Aviation and close associates of former President Obasanjo, Professor Babalola Borishade and Mr. Femi Fani-Kayode, were granted bail by an Abuja Magistrate Court on July 7 after being arrested by Economic & Financial Crimes Commission (EFCC) investigators on June ¶30. The two ministers were arraigned in court on July 1 on charges of corruption over the misuse of 15.5 billion naira (\$128.2 million).

¶12. (U) In other EFCC news, it is investigating allegations of inflation of contracts awarded by Governor Nyako's administration in Adamawa State to the tune of 6.8 billion naira (\$58.1 million).

¶13. (U) FORMER NDLEA CHAIR ARRAIGNED: The Independent Corrupt Practices & Other Miscellaneous Crimes Commission (ICPC) arraigned the former Executive Chairman of the National Drug Law Enforcement Agency (NDLEA), Alhaji Bello Lafiagi, along with his special assistant Usman Amali on July 7 before a Lagos High Court. The pair was charged with five counts of receiving money for personal benefit in the discharge of their official duties and conspiring to use their offices to confer corrupt advantage upon themselves contrary to Section 26 of the ICPC Act. However, the absence of Amali due to ill health has stalled the trial.

State and Local Governments

¶14. (U) NYAKO AVOIDS IMPEACHMENT: Governor Murtala Nyako of Adamawa State survived impeachment reportedly after the President's Office and PDP leadership intervened to prevent state lawmakers from carrying out their threat to impeach him. In line with the

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agreement reached in Abuja, Governor Nyako dissolved all the caretaker committees he earlier set up in the local government areas (LGA). He also cancelled the primaries he conducted for the upcoming local government elections and announced July 19 as the new date for fresh primaries. (Results to follow in next bi-weekly update cable.)

¶15. (U) CONTROVERSEY IN OGUN STATE: The face-off between Governor Gbenga Daniel of Ogun State and the State Assembly took a more controversial dimension with the Speaker of the House claiming Governor Daniel's Chief of Staff came to his house to assassinate him. However, the Governor's Chief of Staff claimed the governor was recently poisoned by unnamed political opponents and was flown abroad for medical treatment. The State House, which is allegedly influenced by former President Obasanjo and current Minister of Steel Sarafa Ishola, was believed to be finalizing plans to impeach Governor Daniel. The PDP leadership intervened to resolve the impasse.

Economic and Business

¶16. (SBU) PFIZER CRIMINAL/CIVIL CASE UPDATE: EconOff spoke with Pfizer lead attorney Joe Petrosinelli on July 10 and was told that the June settlement negotiations in Dubai had mixed results. Contrary to Nigerian media reports, Pfizer reps, Kano State government reps, and the claimants in the lawsuit were unhappy that GON Attorney General Michael Aondoakaa postponed several meetings in Dubai and then ultimately failed to show up at a final meeting even though he was in Dubai. Pfizer had hoped to conclude negotiations on the concurrent state and federal lawsuits. Pfizer and the Kano State government did proceed with negotiations and Kano reps promised to adjourn state criminal and civil cases to October 6. In addition, Pfizer proposed that the next meeting take place between the Kano Attorney General and a Senior Pfizer official to discuss a final settlement. Petrosinelli commented that the sides remain far apart but "it is time for the principals to meet without the lawyers

to reach settlement." The Kano reps said they would pass the proposal to the Kano AG and notify Pfizer within a few weeks.

¶17. (SBU) NIGERIAN AGOA DELEGATION VISITS WASHINGTON: Minister of State for Commerce and Industry Ahmed Garba Bichi led the eight person AGOA delegation (ref B). The delegation expressed strong interest in deepening USG cooperation during a meeting with United States Trade Representative (USTR) officials on July 14, and attended a reception hosted by U.S. companies operating in the oil and gas sector that evening. The U.S. companies reported that the GON reps said they were closely reviewing the model U.S. bilateral investment treaty draft and would soon respond with comments. In addition, the GON received comments from U.S. companies on draft local content legislation pending in the National Assembly. Last, the delegation expressed surprise at an industry presentation that said that the amount of U.S. investment in Nigeria has decreased during a period that it had increased in other parts of Africa.

¶18. (SBU) USAID AND ECONOFF MEETING WITH THE NIGERIAN EXPORT PROMOTION COUNCIL: In preparation for the July 15 AGOA Forum in Washington, and as part of ongoing efforts to boost non-oil AGOA exports, EconOff and Acting AID Mission Director met with Nigerian Export Promotion Council (NEPC) Acting Director General Aliyu Lawal in Abuja to discuss progress on deliverables since the April 10 Trade Investment Framework Agreement digital video conference. Lawal reported that the NEPC has been involved in a turf battle with its home ministry, and as a result, has made no progress on identifying AGOA focus sectors or putting together an AGOA strategy. At the DVC, NEPC had been tasked with moving forward on both areas, but Lawal explained that the GON will need more time. EconOff briefed Lawal about an export promotion event in Minna, Niger State on July 28-29, sponsored by the Niger State government and the Nigerian Bank of Industry, and supported by the USG Team in Nigeria.

¶19. (SBU) ECONOFFS MEETING WITH CITIGROUP NIGERIA CEO: EconOffs met with Citigroup Nigeria CEO Emeka Enuwu in Abuja on July 9 because the company was concerned with July 3 media reports that charges had been filed against the company regarding a legal dispute that was previously withdrawn by the GON in March 2008. In February 2007 several Citigroup officials were detained by the GON police at their headquarters in Lagos after a dispute with a former client over the importation of buses. Soon after the Lagos Consulate and Embassy

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contacted the Inspector General of Police and the Attorney General's office to voice concerns, the employees were quickly released. According to Enuwu, Citigroup was concerned that new charges had been filed recently, and said Citigroup lawyers would be meeting with GON prosecutors to discuss the case and would keep the Embassy informed.

¶20. (U) NIGERIA INTERNATIONAL BANK BECOMES CITIBANK NIGERIA LIMITED: Nigerian International Bank has changed its name to Citibank Nigeria Limited, a subsidiary of Citigroup Inc. The company started its operations in Nigeria in 1984 and will celebrate its 25th year of operation next year.

¶21. (U) MOU BETWEEN U.S. AND NIGERIAN POWER SECTOR REGULATORY COMMISSIONS: The United States National Association of Regulatory Utility Commissioner (NARUC) and the Nigeria Electricity Regulatory Commission (NERC) signed a Memorandum of Understanding (MOU) on July 15 at the Ambassador's residence that focused on implementing a regulatory partnership between both agencies. The goal is to improve regulatory practices and foster a long-term sustainable relationship. The Ambassador noted at the July 15 signing ceremony that a sound regulatory framework in the power sector is essential to attract private investors from the U.S and elsewhere. The State of Michigan's regulatory experts will carry out the now twinning relationship together with NERC.

¶22. (SBU) CISCO SYSTEMS MEETING WITH THE U.S. MISSION: Cisco reps met with EconOffs on July 14 to present several business development projects funded by multilateral or bilateral donors with whom Cisco does business. Cisco is bidding on the World Bank S&T Education Post-Basic Level Project and the 911 Solution. The latter is a project designed to provide a basic communications infrastructure for the GON during states of emergency. According to Managing

Director Hawa Yabani, Cisco is hoping to sign an MOU with Abuja Technology Village (ATV) to provide consulting, a business park model plan, a systems integration plan, and supply equipment. In addition, Cisco is working on a project with the Ministry of Education aimed at enhancing the IT skills of graduates.

¶23. (U) PRIVATIZATION MAY BE SUSPENDED FOR POWER HOLDING COMPANY OF NIGERIA: The Power Sector Reform Committee voted to suspend the privatization of the Power Holding Company of Nigeria (PHCN). The committee, asked to review the performance of ongoing power sector reforms, based its recommendations on insufficient power generation infrastructure, poor maintenance culture, inadequate funding, gas shortage, obsolete equipment, weak and inadequate network coverage and substandard distribution lines. It also identified poor billing systems, unwholesome practices by PHCN staff, and poor customer relations as some of the problems confronting the power sector as reason for holding up the privatization. In addition, on July 29 the PHCN Board was revamped with the current Minister of Power being appointed as Chairperson to oversee addressing the problems outlined above.

¶24. (U) GON SPENDS \$3 BILLION ANNUALLY ON FOOD IMPORTATION: Recent media reports estimate that the GON annually spends \$3 billion on food importation, mostly on rice, sugar and wheat. In 2007, more than 36% of rice and 99% of sugar and wheat consumed were imported.

¶25. (U) EIGHTY PERCENT OF NIGERIAN YOUTH JOBLESS: The Minister of Youth Development, Akinlabi Olasunkanmi, reported that 80% of Nigerian youth are unemployed. He cited this high figure as a reason for the high-number of criminal activities reported among youth. According to the National Bureau of Statistics (NBS), Nigeria's youth population is 80 million, or 60% of the population. Olasunkanmi said that annually, only 10% of graduating college students are able to find paid jobs.

¶26. (U) WORLD BANK AND GON SIGN FINANCIAL AGREEMENT ON ROAD UPGRADES: On July 15, the GON and World Bank signed a 46 billion naira (\$390 million) financing agreement for the rehabilitation, upgrade and maintenance of roads, and the construction of 132 bridges. The loan is interest-free and has a repayment period of 40 years, the projects to be completed within 8 years. The first state in which the agreement will be implemented is Kaduna State, which will receive 7.2 billion naira (\$61 million) to improve road access to rural communities.

¶27. (U) NIGERIAN AIR TRAFFIC CONTROLLERS BEGIN TRAINING IN THE U.S.: The Nigerian Airspace Management Agency (NAMA) sent 15 Air Traffic Controllers to the Pan-Am Academy in Miami for an eight week long training course on Area Radar Control. Since this training started

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in March 2007, 52 Nigerian air traffic controllers have completed the course.

¶28. (U) GON TO SUE EU FOR ECOLOGICAL DAMAGES: The GON is considering a \$100 billion lawsuit against the European Union (EU) for ecological damages caused by reckless waste disposal in Nigeria. The Nigerian Nuclear Security Agency (NNSA) claims that EU mining companies disposed of radioactive materials in 1100 abandoned mines in Central Plateau State, which pose a health risk to two million people. According to the NNSA, the people living near these mining fields are at risk for skin, lung and liver cancer, as well as sight impairments.

¶29. (U) UK SPENDS 16.6 BILLION NAIRA (\$141 MILLION) ON HIV/AIDS IN NIGERIA: The United Kingdom reportedly spent 16.6 billion naira (\$141 million) on HIV/AIDS prevention in Nigeria. The media reported that the UK is increasing cooperation with the Nigerian National Agency for the Control of AIDS.

¶30. (U) NIGERIA AMONG TOP 12 IN INFANT MORTALITY: According to UNICEF's 2008 State of the World's Children's Report, Nigeria is among 12 countries reporting the highest mortality rate among children under five. By UNICEF calculations, more than one million children die annually in Nigeria, nearly a third of the children under five are underweight, and half of the population does not have

access to improved drinking water sources.

Oil and Gas

131. (U) GON SUBSIDIZING DIESEL: The Minister of Energy (Petroleum) Odein Ajumogobia announced that the GON will subsidize the cost of diesel, but did not specify the sum involved. Currently, the GON subsidizes gasoline and kerosene through the Petroleum Support Fund. In 2007, the GON spent 278.8 billion naira (\$2.3 billion) in subsidies for petroleum products. With the addition of diesel, some industry analysts speculate that this sum will increase to 900 billion naira (\$7.6 billion). (Note: A government subsidy to bring down the cost of diesel is among the key demands of tanker truck drivers, who are threatening to resume a transport strike on July 28. End note.)

Human Rights and Trafficking

132. (U) DOMESTIC TIP INCREASING: On July 7, media reports stated that trafficking of girls from villages to cities in Nigeria is increasing and the state is powerless to stop the trade. According to Bello Ahmed, head of the Kano office of the National Agency for the Prohibition of Traffic in Persons (NAPTIP), girls aged 12-17 are regularly trafficked from villages and brought to the city to work as maids. Apart from being denied access to education, these girls are often raped and beaten by their employers. In addition to poverty, trafficking in girls and women is driven by the extreme income and gender inequality which exists in Nigeria. Although there is a provision in the Child Right's Act to protect girls from exactly this, most northern state assemblies refuse to pass enabling legislation due to conflict with cultural and religious practices (ref C).

133. (U) NEW RULES ON REHABILITATION OF TIP VICTIMS: Carol Ndaguba, NAPTIP Executive Secretary, has proposed to the Federal Executive Council (FEC) a policy, entitled "National Policy on Protection and Assistance to Trafficked Persons in Nigeria." The policy aims to regulate rehabilitation programs for victims of human trafficking.

134. (U) DISCRIMINATION AGAINST WOMEN: On July 10, broadcast stations reported that women groups were still speaking out against a bill seeking to punish indecent dressing, nudity in public, sexual intimidation and all forms of abuse against women (ref D). At a public hearing at the Senate, the women's groups, including the International Federation of Women Lawyers (FIDA), alleged that the law, apart from being discriminatory, would also give the police and other law enforcement agencies additional powers to abuse women and deny them their rights in the name of enforcing the provisions of the law.

Labor

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135. (U) NEW NBA PRESIDENT ELECTED: Mr. Oluwarotimi Odunayo Akeredolu, a Senior Advocate of Nigeria, emerged as the new President of the Nigeria Bar Association when he was unanimously elected on July 2. Born July 21, 1956, Mr. Okeredolu, a Yoruba from south west Ondo State, passed the Bar in 1978, served as Ondo's Attorney General from 1997 to 1999, and Chairman of Legal Aid Council from 2005 to 2006. Akeredolu succeeds Mr. Olisa Agbakoba whose two-year tenure expires August 29.

136. (U) TEACHERS STRIKE CONTINUES: The nationwide primary and secondary public school teachers' strike entered its second week with most public schools remaining closed. On June 30, teachers throughout Nigeria embarked on an indefinite strike to protest the Federal Government's refusal to implement the Teacher's Salary Scale (TSS), which would increase teachers' pay. The GoN maintains that it can accommodate the teachers' request to implement TSS in its schools, but cannot compel states and local governments to do so. The GoN instructed NUT to negotiate directly with state and local governments for the implementation of TSS. Meanwhile, Academic

Staff Union of Universities (ASUU) and Nigeria Labor Congress (NLC) promised to join the strike to force government to accede to the demands of the teachers. Meanwhile, NUT officials have purportedly been encouraging private school teachers to join the strike as well in order to show solidarity.

SANDERS